

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 INT-05 SP-02 USIA-06 AID-05

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

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FM AMEMBASSY PORT AU PRINCE

TO SECSTATE WASHDC 1702

LIMITED OFFICIAL USE PORT AU PRINCE 0678

E.O. 11652: DECLASSIFY MARCH 22, 1976

TAGS: EALR EMIN HA

SUBJ: GOH/KENNECOTT MINERALS CONTRACT

1. SUMMARY. OFFICIALS OF KENNECOTT COPPER CORPORATION AND THE GOVERNMENT OF HAITI AGREED ON THE TERMS OF A COMPLEX EXPLORATION/ EXPLOITATION AGREEMENT THURSDAY, CONCLUDING 3 YEARS OF NEGOTIATIONS. THE FORMAL SIGNING IS TO TAKE PLACE IN PORT AU PRINCE, MARCH 22.

2. KENNECOTT'S SEEMINGLY ENDLESS NEGOTIATIONS WITH THE GOH WERE CONCLUDED THURSDAY WHEN COMPANY OFFICIALS AND UNDER SECRETARY OF COMMERCE BAYARD (IN HIS CAPACITY OF DIRECTOR OF THE INSTITUTE OF MINERAL RESOURCES) AGREED ON THE TERMS OF A CONTRACT WHICH COVERS EXPLORATION, DEVELOPMENT, EXTRACTION, PROCESSING, SHIPPING, TAXES, FEES, ROYALTIES AND THE CONDITIONS OF BUSINESS FOR THE 25-YEAR LIFE OF THE CONTRACT. THE LATTER WAS THE MAJOR REMAINING POINT OF ISSUE AS THE GOH WAS RELUCTANT TO FACE THE ISSUE OF "RESPONSIBILITY OF THE STATE" AND KENNECOTT UNWILLING TO PROCEED WITHOUT SOME GUARANTEE OF GROUND RULE STABILITY. THERE IS A PROVISION FOR OUTSIDE ARBITRATION.

3. A COMPLETE REVISION OF THE MINING CODE PUBLISHED IN LE MONITEUR, THURSDAY, MARCH 9, WAS A BY-PRODUCT OF THE KENNECOTT LIMITED OFFICIAL USE

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NEGOTIATIONS. THE NEW CODE PROVIDES THE BASIS FOR COMPLETE

CONTRACTS COVERING INITIAL PROSPECTING, EXPLORATION, DEVELOPMENT, PRODUCTION, TAXATION, SHIPMENT, ETC. NEEDED BY KENNECOTT AND OTHER COMPANIES. (AN ANALYSIS WILL FOLLOW WHEN FULL TEXT IS AVAILABLE.)

4. KENNECOTT PLANS TO INITIATE A DETAILED EXPLORATION PROGRAM WHEN THE CONTRACT IS SIGNED. THEIR CREW WILL BE INCREASED BY 4 EXPATRIATES AND ABOUT 100 HAITIANS. IT WILL TAKE ABOUT TWO YEARS TO DETERMINE WHETHER THERE ARE COMMERCIALY EXPLOITABLE RESOURCES.

5. THE CONCLUSION OF THE KENNECOTT NEGOTIATIONS AND THE RAPID REVISION OF THE UNFORTUNATE MINING CODE ARE MORE EVIDENCE OF THE INCREASING HAITIAN CAPABILITY TO TAKE ACTION WHEN NECESSARY TO ACHIEVE THEIR POLICY GOALS.

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Margaret P. Grafeld
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